VZCZCXRO7930 PP RUEHFK RUEHKSO RUEHNAG RUEHNH DE RUEHKO #0606 0670527 ZNR UUUUU ZZH P 070527Z MAR 08 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 2327 RUEKJCS/SECDEF WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY RHHMHBA/COMPACFLT PEARL HARBOR HI//N541// PRIORITY RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY RHMFIUU/USFJ PRIORITY INFO RUEHFK/AMCONSUL FUKUOKA 6528 RUEHNH/AMCONSUL NAHA 8921 RUEHNAG/AMCONSUL NAGOYA 5061 RUEHKSO/AMCONSUL SAPPORO 7131 RUEHOK/AMCONSUL OSAKA KOBE 0196 RUEHBJ/AMEMBASSY BEIJING 2090 RUEHMO/AMEMBASSY MOSCOW 2157 RUEHUL/AMEMBASSY SEOUL 8145 RUCNDT/USMISSION USUN NEW YORK 8727 RHEHAAA/NSC WASHDC

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STATE FOR I/RF, PA/PR/FPC/W, IIP/G/EA, EAP/PD, R/MR, EAP/J, EAP/P, PM; USTR FOR PUBLIC AFFAIRS OFFICE; TREASURY FOR OASIA/IMI; SECDEF FOR OASD/PA; CP BUTLER OKINAWA FOR AREA FIELD OFFICE; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR

E.O. 12958: N/A
TAGS: <u>OIIP KMDR KPAO</u> <u>JA</u>
SUBJECT: TOKYO MEDIA REACTION - CHINA'S MILITARY
BUILDUP

- 11. LEAD STORIES: Top stories on Friday morning included a GOJ plan to propose to the Diet the elevation of a Bank of Japan (BOJ) deputy governor to the top BOJ post.
- Defense said in its recent report on China's military capabilities: 'China's improving and expanding military capabilities are changing the balance of military power in East Asia. Improvements in China's strategic capabilities have implications beyond the Asia-Pacific region.' A report on military spending released by China on Wednesday appears to substantiate U.S. concerns.... Although Chinese Premier Wen has said that China is increasing its military capabilities only to respond to threats. However, concern about China's rapid military modernization has not been dispelled. China lacks transparency, as it failed to report its major defense procurement plans in its defense whitepaper issued two years ago. We cannot help but conclude that Beijing's failure to disclose sufficient information is intentional. The U.S. report warns that China is building its military power with a view to a possible contingency in the Taiwan Strait, as well as disputes over territory and resources. The U.S. appears to be concerned that China will come to pose a threat to peace and security in the region and around the world. China needs to be accountable for its military buildup.'